



Larry Hogan | Governor
Boyd Rutherford | Lt. Governor
R. Michael Gill | Secretary of Commerce
Signe Pringle | Deputy Secretary of Commerce

Transforming Manufacturing Workgroup
June 13, 2022, 10:00-12:00pm
Meeting Minutes

Workgroup Members in Attendance:

- Delegate Lily Qi, Chair
- Senator Rosapepe
- Senator West
- Delegate Mautz
- Todd Sabin, Maryland Commerce
- Erin Roth, Maryland Labor
- Lance Schine, Maryland DOIT
- Mike Galiazzo, RMI
- Lindsay Ryan, USM
- Kelly Koermer, MACC
- Chris Cosgrove, RAMP MD
- Ken Sanchez, Chesapeake Specialty Products
- April Richardson, Food Opportunity
- Irnande Altema, MICUA
- Thomas Vancott, Catalent Pharma Solutions
- Sarah Kilmon on behalf of Delegate Johnny Mautz

Staff:

- Michael Siers, Maryland Department of Commerce
- Richard Clinch, Jacob France Institute

Public:

- Paul Foster
- Peter O'Neill
- Steve Berry, MACC
- Christine Krone
- Pamela Kasemayer
- Katie Hardy, Office of Delegate Qi
- Jen LaHatte, Maryland Department of Commerce

Welcome and Approval of Minutes

Delegate Qi welcomed attendees to the meeting and asked if any members had any corrections or comments on the minutes from the May meeting. Erin Roth from the Department of Labor noted that, regarding the

subgroup volunteers, she did not volunteer herself but rather another representative from the Department of Labor, likely Jim Rzepkowski. With this correction, the minutes were approved unanimously.

Regulatory, Tax, and Workforce Supply Issues for Maryland Manufacturers – Richard Clinch

Richard Clinch began his presentation by discussing the revised timeline for the workgroup and also that he was interested in conducting interviews with interested businesses to support the report efforts. Next Richard Clinch discussed existing programs that the Maryland Department of Labor and Maryland Department of Commerce have that support manufacturing. Mike Galiazzo mentioned that MEA has programs that have benefitted local manufacturers. Mike Galiazzo was unsure if the programs specifically targeted manufacturers but knew they were a key beneficiary. Erin Roth noted that Eric Coffman would be a good point of contact at MEA.

Ken Sanchez asked if there was a dollar figure associated with the programs from the Maryland Department of Commerce. Richard Clinch responded that for the seven programs where data exists the state has recently funded roughly \$70 million. Ken Sanchez noted that it would be helpful to get more insight into those totals. Delegate Qi agreed noting that it would be good to know how money is given out and if the projects are meeting their intended purpose. Ken Sanchez agreed and said that there is a difference between a company receiving a grant and a loan and that the two should not be considered as equivalent when discussing assistance totals.

Michael Siers from the Maryland Department of Commerce directed workforce participants to the [most recent Consolidated Incentives Performance Report](#). Mr. Siers noted that the report contains a full accounting of how each Commerce program awards money, who the recipients are, if the assistance is a grant or loan, breakouts by industry and geography, and if the program is meeting the intended purpose of the statutes. Erin Roth with the Maryland Department of Labor also provided a link to the [most recent report on Maryland Business Works](#) programs.

Richard Clinch then compared Maryland programs to those in other states. Using data from selectusa, Dr. Clinch noted that Maryland has the most businesses incentives programs listed of any state and that of the 63 state programs that specifically mention 'manufacturing' in the program name Connecticut has 10 of them which demonstrates the emphasis the state places on manufacturing. Richard noted that a takeaway is that the state has a number of existing programs and that manufacturers are already using them; therefore, a focus could be on increasing utilization of existing programs rather than on creating new programs. Mike Galiazzo provided [a document outlining a number of Maryland's different existing financial incentives](#). Mike Galiazzo asked Richard Clinch if he believed manufacturers were utilizing incentives adequately. Richard Clinch noted that manufacturing is roughly one third of Maryland's employment and businesses but receives more than one third of utilization. This indicates that the industry utilizes assistance more than their share of the local economy but likely the industry receives less relative to how much they are targeted because not all industries are specifically targeted for assistance.

Next Richard Clinch began covering supply and noted that wages are fairly low for production workers and that production workers have a low location quotient. If manufacturing is to grow, Dr. Clinch argued, we will need to boost the workforce supply pipeline. This is important in the context of an aging workforce, as Dr. Clinch noted that there will be a lot of demand for replacement workers and that the state is expected to see a larger increase in retirements than the overall Maryland economy, marking a challenge to train sufficient workers. Ken Sanchez stated that he believed manufacturing wages were higher than the data provided by Richard Clinch. Mike Galiazzo replied that the salary for manufacturing is higher than for production workers generally because of the number of engineers, managers, and scientists within the industry. Ken Sanchez

agreed with this but noted that more recent data may show higher wages as his company has raised wages during the pandemic. April Richardson asked if the need was greater for production workers or managerial workers. Richard Clinch replied that both groups of workers are needed. Over the next five years, the industry is expected to need 3,000 net new managerial jobs due to growth and 3,200 middle skilled production jobs.

Richard Clinch noted that CTE may be a viable pipeline to increase the manufacturing workforce and that CTE could help improve diversity in the industry. Dr. Clinch noted that the community college system has a large capacity but may not be fully meeting needs as there has been limited generation of manufacturing-related certificates. Erin Roth noted that Labor has been working with MLDS to see if community college graduates are finding jobs in Maryland and if they are finding jobs in the areas they went to school for. Ms. Roth noted that the data would not be ready for inclusion in this report but could be a resource in the future. Richard Clinch noted that Jacob France has conducted similar work for CTE. Steven Berry commented that if the data on community colleges included electrical or HVAC training the numbers would likely be much higher. Michael Siers asked about the importance of certifications from community colleges and whether one reason the certification numbers may be low is that there is limited demand from employers. Ken Sanchez replied that workers being willing to work were more important than certifications. Mike Galiazzo agreed and added that a behavioral focus was often more important. Richard Clinch indicated he heard this in anecdotes from the MCCACET conference.

Dr. Clinch also considered apprenticeships and noted that the state's programs are not currently meeting demand through this avenue. Additionally, while the state has a number of strong higher education programs, Dr. Clinch noted that there was no manufacturing engineering program in the state and that it could be an avenue to increase workforce in the state.

Update on Manufacturer Interviews – Richard Clinch

Richard Clinch noted that he was working on conducting interviews and thanked members of the workgroup who had provided contacts and agreed to help in the process.

Open Discussion

Ken Sanchez thanked Richard Clinch for the presentation and noted that the data and recent presentations shows the large number of openings and also that the workforce supply does not currently exist to fill those positions. If workers cannot be found, Mr. Sanchez noted that employers will likely turn to technology to supplement their existing workforce. A lot of current programs are focused on tax credits for new employees but not as many on retaining workers or new technology. Mike Galiazzo agreed with this and noted that talent, technology, and transformation are the three key aspects of that the industry struggles with at the moment. Mr. Galiazzo thanked Richard Clinch for the presentation and noted that many manufacturers are losing workers in part because of the challenges in filling open positions: too many open positions increases the workload and stress for remaining workers and this can push them out of their employer or the industry altogether.

Michael Siers noted that national level data on job openings and hires shows that manufacturing has been one of the hardest hit industries in terms of converting openings to new hires. Mike Galiazzo mentioned that some hiring challenges could be addressed due to HR practices and that maybe the state could focus on immigration.

Senator Rosapepe said that he did not think data was needed to convince people there's a problem. However, where the data helps is disaggregating where we need people. Senator Rosapepe said that the data can help focus schools, colleges and universities, and other groups on where the need is most urgent. Ken Sanchez

noted that one thing that could help local manufacturers was greater immigration. Mr. Sanchez noted that federal action relies first on getting local support and perhaps the workgroup could help with this effort. Senator Rosapepe said he would be happy to help with those efforts and noted that there are two significant groups of refugees entering the state from Ukraine and Afghanistan and wondered if it would be possible to have someone from the refugee office speak before the workgroup.

Delegate Qi reviewed the schedule and noted that the next meeting is scheduled for July 25th. Delegate Qi noted that a subgroup of members focused on initial recommendations and workforce issues will meet in August and may meet in advance of the July meeting as well.

Future Meeting Dates:

- Monday, July 25th – 10:00-12:00